

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
**04-001**

2. STATE  
Washington

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
Jan. 1, 2004

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2004 \$0  
b. FFY 2005 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 3.1-A  
Pages 6-1 and 6-5  
Attachment 4.19-B  
Pages 5-b and 5-c

5a and 5b (P+I)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 3.1-A  
Pages 6-1 and 6-5  
Attachment 4.19-B  
Pages 5-b and 5-c

pages 5a and 5b (P+I)

Washington (04-001)

10. SUBJECT OF AMENDMENT:

Disease Management program

approved: 04/02/04  
effective: 01/01/04

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Exempt

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Dennis Braddock*

13. TYPED NAME:  
DENNIS BRADDOCK

14. TITLE:  
Secretary

15. DATE SUBMITTED:

2/12/04

16. RETURN TO:

Ann Myers  
Department of Social and Health Services  
Medical Assistance Administration  
POB 45533  
Olympia, WA 98504-5533

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: **FEB 18 2004**

18. DATE APPROVED: **APR - 2 2004**

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

**JAN - 1 2004**

20. SIGNATURE OF REGIONAL OFFICIAL:

*Karen S. O'Connor*

21. TYPED NAME:

**Karen S. O'Connor**

22. TITLE: **Associate Regional Administrator  
Division of Medicaid &  
Children's Health**

23. REMARKS:

P+I changes authorized by the state on 2/25/04.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State Washington

## 13.c. Preventive Services

## Disease State Management

The State of Washington will provide a statewide Disease Management Program to Medicaid clients eligible for Title XIX Medicaid coverage under the Categorically Needy Program (CNP), who receive services through the Medical Assistance Administration's (MAA's) fee-for-service system, and who have one or more of the following diseases:

- Asthma;
- Congestive Heart Failure;
- Diabetes;
- End State Renal Disease (ESRD) or Chronic Kidney Disease (CKD);
- Chronic Obstructive Pulmonary Disease (COPD).

The State's Disease Management Program is designed to assist clients with chronic illness to achieve the following goals:

1. Increase the client's (and/or their caregiver's) understanding of their disease so they are:
  - More effective partners in the care of their disease;
  - Better able to understand the appropriate use of resources needed to care for their disease(s);
  - Able to identify when they are getting in trouble earlier and seek appropriate attention before they reach crisis levels; and
  - More compliant with medical recommendations.
2. Improve clients' quality of life by assisting them in "self-management" of their disease and in accessing regular preventive health care;
3. Provide coordination among multiple case managers and health care providers;
4. Improve adherence to national, evidence-based guidelines to improve clients' health status; and
5. Reduce unnecessary emergency department visits and hospitalizations.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Washington

13.c. Preventive Services (continued)

**Payment Methodology for the Programs**

In accordance with federal interpretation, the disease management contracts are risk contracts. See attachment 4.19-B, IX, G for payment methodology.

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TN# 04-001

Supersedes:

TN# 02-003

Approval Date: APR - 2 2004 Effective Date: 1/1/04

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: WASHINGTON

## IX. Other Noninstitutional Services (con't)

## E. Family Preservation Services

Payment for FPS is on a fee-for-service basis. Payment rates will be determined prospectively and based on allowable operating costs from the most recently submitted cost report. They will be reconciled to actual costs yearly. The total payment will also be adjusted for cost and volume (i.e., number of children served) increases or decreases reflected in annually submitted budgets.

## F. Behavior Rehabilitation Services

Payment for behavior rehabilitation services is on a fee-for-service basis, with one month being the unit of service. Rates are determined using a prospective rate setting system. These rates will be reconciled annually and adjusted as appropriate based upon preceding operating year cost reports.

## G. Disease Management Program

The Disease Management program is a preventive service that provides coverage under the Categorically Needy Program (CNP) to Medicaid clients who receive services through the department's fee-for-service system, and who have one or more of the following diseases: Asthma, Congestive Heart Failure, Diabetes, Chronic Obstructive Pulmonary Disease, and End Stage Renal Disease or Chronic Kidney Disease.

In accordance with federal interpretation, the disease management contracts are risk contracts. The State uses two methods of payment for the contracted Disease Management programs. Each method of payment has been developed using actuarially sound methodology and does not exceed the amount the State would have paid had disease management services been provided using the fee-for-service system.

1. For the End Stage Renal Disease (ESRD) and Chronic Kidney Disease (CKD) program, the State pays the contractor a monthly capitated fee for each client currently participating in the ESRD/CKD program.

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IX. G. Other Noninstitutional Services (con't)

2. For the Asthma, Congestive Heart Failure, COPD, and Diabetes programs, the State pays the contractor a capitated fee based on the total eligible population, and the prevalence of each disease within the total population.

X. All Other Practitioners

All other practitioners -are reimbursed at usual and customary charges up to a maximum established by the state.

XI. Prepaid Capitation Arrangements

The upper limit for payment for services provided on a prepaid capitation basis shall be established by ascertaining what other third parties are paying for comparable services under comparable circumstances. The cost of providing a given scope of services to a given number of individuals under a capitation arrangement shall not exceed the cost of providing the same services while paying for them under the requirements imposed for specific provider services.

XII. Laboratory and Pathology Service

Payments made for laboratory and pathology services will be either Medicare laboratory rates (60 percent of the statewide prevailing charge screen) or rates established by the department, whichever is lower.

XIII. Targeted Case Management Services

- A. Recipients Manifesting Pathology with Human Immunodeficiency Virus (HIV). Payment will be on a monthly capitation post-pay, firm-fixed price basis. The upper limit for payment for services provided on a capitation basis shall be based on an estimate of the fee for providing the services.